



Modern Times Group MTG AB

**Financial Results for the second quarter
and first six months ended 30 June**

6 August 2003

MTG – Entertaining People

- Largest commercial TV and radio broadcaster in Nordic and Baltic region
- Viasat TV channels reach 45 million people each day in 12 countries
- One of Europe's most profitable pay-TV operators
- Largest shareholder in #2 commercial TV network in Russia
- Leading international reality TV production house
- Global market leader in DVD subtitling

Operating Highlights

2nd Quarter ended 30 June 2003

- All Free-TV-channels increased commercial share of viewing in each country
- Increased TV and Radio advertising market shares in Scandinavia
- TV3 Sweden reached new viewing record with 2.5 million viewers in the Ice Hockey World Championships
- DTV is fastest growing channel in Russia in terms of share of viewing
- New Basic pay-TV-package launched with aggressive campaigns
- Piracy remains a problem with high premium subscriber churn. NDS Videoguard implementation proceeding.
- TV1000 Eastern Europe acquires 104,000 new subscribers in the quarter bringing total up to 584,000 subscribers

Financial Highlights

2nd Quarter ended 30 June 2003

- Highest operating profit in a second quarter ever despite tough markets - Group EBIT SEK 159 (41) million and EBIT margin 10%
- Pre tax profit almost doubled to SEK 104 (53) million
- Net sales up 8% to SEK 1,631 (1,506) million, increased shares of Nordic radio and TV advertising markets
- TV3 Scandinavia net sales up 14% to SEK 561 (492) million
- Growth in Viasat3 Hungary of 200% and DTV of 64% and turnaround expected during 2004
- Pay-TV operating income up 44% to SEK 127 (88) million
- Radio Sweden net sales up 15% to SEK 47 million (41), and profitable in the quarter

Profit & Loss

(SEK million)	Q2 2003	Q2 2002	H1 2003	H1 2002
Net Sales	1,631	1,506	3,144	2,922
EBITDA	217	99	359	182
Operating income (EBIT)	159	41	239	61
Non-recurring items	-	163	-	163
Financial net	-56	-151	-103	-110
Pre-Tax profit	104	53	135	114
Taxes	-46	-40	-58	-72
Minorities	3	2	5	5
Net Income	61	15	82	47
Basic number of shares outstanding	66,375,146	66,375,146	66,375,146	66,375,146
Basic earnings per share	0.92	0.22	1.24	0.71

- Net sales up 8% in the quarter
- EBIT in Q2, excluding sale of shares in TV4 in 2002, up 288% to SEK 159 million
- EBIT margin in Q2 10%

Viasat Broadcasting

Operating Results

SEK million	Q2 2003	Q2 2002	% chg	H1 2003	H1 2002	% chg
Net Sales						
Pay-TV operations	553	557	-1%	1,110	1,095	1%
Free-TV operations	770	692	11%	1,382	1,241	11%
Text-TV operations	20	29	-32%	42	55	-24%
Other and eliminations	-109	-114		-207	-197	
Total net sales	1,234	1,163	6%	2,326	2,194	6%
Operating income (EBIT)						
Pay-TV operations	127	88	44%	266	147	81%
Free-TV operations	44	12	267%	23	23	0%
Text-TV operations	7	9	-22%	14	19	-26%
Associated Companies	11	-1		10	-7	
Total EBIT *	188	109	72%	313	183	55%
EBIT Margin	15.2%	9.4%		13.5%	8.3%	
* Excluding capital gain of SEK 163 million from sale of TV4 shares in Q2 2002						

Free TV

Highlights second quarter

- Increased investments in programming paid off with increase in commercial share of viewing and advertising market share gains in all countries
- TV3 Scandinavia sales up 14% to SEK 561 (492) million, growth in all countries with incremental margin of 41%
- TV3 Baltics sales grew 18% to SEK 72 (61) million with incremental margin of 87%
- Russian TV-channels continue to outperform with strong profitability at CTC (share of earnings SEK 11 million) and 64% increase in sales at DTV
- Hungary triples sales to SEK 10 (3) million. Sales for first six months 34% higher than sales for full year 2002

Pay TV

Highlights second quarter

- Pay TV EBIT up 44% to SEK 127 (88) million due to maturing subscriber base and dollar effect
- Pay TV revenues stable at SEK 553 (557) million despite continued piracy
- Quarterly Premium ARPU up 8% year on year to SEK 759
- NDS implementation ongoing - launch expected in October in combination with new campaigns
- TV1000 Eastern Europe subscriber numbers up 22% from Q1 to 584,000
- 2.7 million Nordic cable households subscribe to MTG pay TV channels

Viasat Broadcasting – Scandinavia

Subscriber development

Subscribers (000's)	30 Jun 2003	31 March 2003
Cardholders	929	955
-of which Digital subscribers	587	603
Viasat premium subscribers (digital)	424	442
Viasat basic digital subscribers	164	161
TV1000	460	492
TV1000 Eastern Europe	584	480

Radio

SEK million	Q2 2003	Q2 2002	H1 2003	H1 2002
Net Sales	50	44	85	76
EBIT from operations	0	-4	-10	-10
EBIT from associates	5	-12	-5	-18
Others and eliminations	-1	-1	-1	-1
Total EBIT	5	-17	-16	-29

- Swedish radio operations profitable in Q2 after strong sales and increased incremental margin
- Sales up 13%, despite shrinking Swedish advertising market
- Radio P4 in Norway wins new P5 national commercial radio license
- Radio operations established in Lithuania through Power Hit Radio brand

Modern Studios

SEK million	Q2 2003	Q2 2002	H1 2003	H1 2002
Net Sales	175	145	365	287
EBIT from STRIX	14	17	25	30
EBIT from other businesses	-5	-9	-3	-9
Others and eliminations	-1	-1	-3	-1
Total EBIT	5	4	18	12

- Strong growth for Strix but lower margins due to sales mix more focused on productions
- First Asian option sales for Strix to leading Malaysian production company
- Successful second season for Fame Factory in Sweden
- Sonet movie “Kopps” sells 770,000 tickets at box office, “Miffo”, launched in Q3

SDI Media

SEK million	Q2 2003	Q2 2002	H1 2003	H1 2002
Net Sales	84	102	171	191
EBIT	13	15	25	23

- Outstanding minority stake acquired of SDI Hong Kong during the quarter
- Top line sales and EBIT decline explained by unfavourable currency effects
- Continued strict cost control and EBIT margin increased to 16% in the quarter

TV-Shop

SEK million	Q2 2003	Q2 2002	H1 2003	H1 2002
Net Sales	166	153	367	324
Total EBIT	2	4	9	12

- Core homeshopping business in TV-shop stable, although quarter impacted by weak wholesale performance
- CDON delivers third consecutive quarter of year on year doubling of sales with strong profitability. DVD-sales nearly tripled during the quarter.
- CDON continues to balance expansion into new territories and product categories with strong margins

Cash flow

(SEK million)	Q2 2003	Q2 2002	H1 2003	H1 2002
Cash flow from operations	75	177	201	265
Changes in Working Capital	141	-167	45	-253
Net cash flow from operations	217	10	246	12
Proceeds from sale of shares and securities	1	204	1	204
Investments in shares in subsidiaries and associates	-11	-220	-11	-281
Other investments in shares	-	-204	-	-204
Investments in other fixed assets	-23	-17	-52	-44
Other cash flow from investing activities	5	33	5	33
Cash flow to investing activities	-28	-204	-57	-292
Cash flow from/to financing activities	-199	33	-166	32
Net change in cash and cash equivalents for the period	-10	-161	23	52

- Strong improvement in Working Capital, Inventory down by SEK 171 million
- Capex maintained tight

Balance Sheet

(SEK million)	30 June 2003	30 June 2002	31 Dec 2002
Non-current assets	2,893	3,235	3,067
Current assets	2,890	3,634	3,115
Total assets	5,783	6,869	6,182
Shareholders' equity	1,967	2,082	1,885
Minority equity interests	-5	4	16
Provisions	127	134	171
Long-term liabilities	1,127	1,811	1,565
Current liabilities	2,567	2,838	2,545
Total equity and liabilities	5,783	6,869	6,182

- Equity to asset ratio 53% at 30 June
- Holdings in Metro, TV4 and Radio P4 have a combined book value of SEK 587 million and a market value of SEK 917 million at 30 June 2003

Value in listed companies

SEK million, August 5 2003	Value	Value per share
Metro International S.A.	1,038	15.6
TV4 AB	544	8.2
P4 Radio Hele Norge ASA	67	1.0
Total Market Value	1,638	24.8
<i>Convertible loan</i>	<i>-1,100</i>	
<i>Syndicated loan</i>	<i>-450</i>	
<i>Cash</i>	<i>323</i>	
<i>Other interest bearing long-term items</i>	<i>62</i>	
Net debt	-1,165	-17.6
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Net value	473	7.2

Based on closing prices 5 August 2003. Net debt is from June 30 2003

Outlook

- Ad markets continue to be tough but signs of stability - visibility remains low
- Investments in programming to continue with a strong Fall schedule to increase commercial share of viewing and ad market shares
- Churn in Pay TV remains high due to piracy. New encryption technology launched during the Fall
- Low price set-top-boxes in the market from October
- New basic package and campaigns launched
- Continued strong performance in Eastern Europe with improving results in Daria TV and Viasat3 Hungary

Appendix

1. Free TV financial highlights
2. Pay TV financial highlights
3. Free TV commercial share of viewing

Viasat Broadcasting

Free-to-air TV

SEK million	Q2 2003	Q2 2002	% chg	H1 2003	H1 2002	% chg
Net Sales						
TV3 Scandinavia	561	492	14%	1,003	915	10%
Other Scandinavian channels	99	92	8%	188	171	10%
TV3 Baltics	72	61	18%	128	104	23%
Viasat3 Hungary	10	3	233%	16	5	220%
DTV Russia	8	5	60%	15	6	150%
Other and elimination	19	38		34	41	
TOTAL	770	692	11%	1,382	1,241	11%
Operating income (EBIT)			Margin 2003			Margin 2003
TV3 Scandinavia	44	16	8%	50	62	5%
Other Scandinavian channels	-1	11		-7	8	
TV3 Baltics	21	11	29%	26	12	20%
Viasat3 Hungary	-7	-11		-16	-28	
DTV	-7	-9		-16	-19	
Other and eliminations	-7	-7		-14	-13	
TOTAL	44	12	6%	23	23	2%

Viasat Broadcasting Pay-TV

SEK million	Q2 2003	Q2 2002	% chg	H1 2003	H1 2002	% chg
Net Sales						
Viasat	527	515	2%	1,052	1,030	2%
TV1000	179	191	-6%	366	382	-4%
Other Scandinavian channels	32	33	-2%	66	67	-1%
Eliminations	-186	-181		-374	-383	
TOTAL	553	557	-1%	1,110	1,095	1%
Operating Income (EBIT)			Margin 2003			Margin 2003
Viasat	58	56	11%	136	107	13%
TV1000	67	25	37%	124	30	34%
Other Scandinavian channels	2	7	6%	6	11	9%
TOTAL	127	88	23%	266	147	24%

Free-TV

Commercial Share of Viewing

